

FILE ONLY

OFFICIAL WHO URGED IRAN ARMS SALES DISCLOSURE NAMED CIA CHIEF
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WASHINGTON

Robert Gates, a CIA official who reportedly urged disclosure of secret arms sales to Iran before they were revealed, was picked by President Reagan on Monday to replace the ailing William J. Casey as director of the spy agency.

The 73-year-old Casey, recuperating from surgery seven weeks ago for a brain tumor, was invited to become a counselor to the president when and if he can return to work.

Gates, 43, has been the No. 2 official at the CIA since April 1986 and has been running the agency in Casey's absence.

As director of central intelligence, Gates will be the chief executive officer of the CIA. He also will coordinate all intelligence agencies and assign their tasks through a separate "intelligence community staff." The Senate Intelligence Committee scheduled a confirmation hearing for Gates for Feb. 17, and said the session would be open to the public.

A 20-year veteran of service in the CIA and the White House National Security Council as a Soviet affairs expert, Gates is widely respected on Capitol Hill and likely will not have difficulty winning Senate confirmation.

However, he is certain to be grilled about the CIA's role in the secret sale of arms to Iran and the diversion of profits to the Nicaraguan Contra rebels. A report by the Senate Intelligence Committee said Casey, in testimony about the affair late last year, "was general in nature" and left many questions unanswered.

"I particularly look forward to working with Robert Gates, who is a professional in this field and for whom I have high regard," said Sen. Claiborne Pell, D-R.I., chairman of the Senate Foreign Relations Committee.

Casey submitted his resignation to Reagan in a two-sentence letter dated last Thursday. "It has been a great honor serving you," it said. In a return letter Monday, the president credited Casey with helping restore pride and morale to the nation's intelligence services. "America has been blessed to have the service and the spirit of Bill Casey," he wrote.

A longtime friend of the president, Casey became director of the CIA in 1981 after managing Reagan's White House campaign.

He suffered a seizure last Dec. 15 - a day before he was to appear before the Senate Intelligence Committee - and underwent surgery three days later for removal of a cancerous tumor.

According to an associate, Casey's last words before being wheeled into surgery were, "I hope Dave Durenberger doesn't think I'm copping out on him." Durenberger, a Minnesota Republican, was the chairman of the Intelligence Committee at the time.

The committee's report, released last week, said a CIA analyst went to Gates last Oct. 1 and said he was concerned that money from the secret arms sale to Iran were being diverted to Central America.

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"Gates was surprised and disturbed and told the analyst to see Casey," the report said. It quoted the analyst as saying he and Gates did not discuss whether or not a diversion would be illegal.

Gates on Oct. 15 directed the CIA's general counsel to review all aspects of the Iran deal to make sure nothing was being done that was illegal. The counsel later reported there was nothing amiss from the CIA standpoint.

According to Gates' testimony in the report, he and Casey urged then-national security adviser John Poindexter to have Reagan make the Iran initiative public, rather than have it leak out "in dribs and drabs." At that time, they warned there might have been some diversion of funds, the report said.

The arms-sale deal was revealed Nov. 3 by a pro-Syrian publication in Lebanon.

Casey testified to the Senate Intelligence Committee on Nov. 21 but did not mention the possibility of funds being diverted.

Gates said later information about the diversion "was based on analytical judgment of bits and pieces of information by one intelligence officer and that they (Casey and Gates) didn't consider that very much to go on, although it was enough to raise our concerns to the point where we expressed them to the White

Casey offered his resignation during a meeting in his hospital room with White House chief of staff Donald T. Regan and Attorney General Edwin Meese III last Thursday. A day later, Reagan talked with Gates in an unannounced meeting in the Oval Office, offering him the job.

"It was Mr. Casey's decision to resign," said Marlin Fitzwater, the president's new chief spokesman. He said Casey brought up the subject during the hospital meeting and "offered it voluntarily." Similarly, CIA spokeswoman Kathy Pherson said in a statement: "Because it was apparent to Mr. Casey that it would be some time before he could return to duty and devote his full energy to the position, he decided to resign.

"He felt strongly that the agency and the intelligence community and their programs require the type of vigorous leadership that he could no longer provide. The decision to resign was Mr. Casey's and Mr. Casey's alone," she added.

As to the agency's reaction to Gates' selection, Ms. Pherson said, "People are pleased to have a career officer, and Bob has been around a long time.

At Reagan's direction, Meese and Regan had gone to the hospital with an invitation for Casey to become a counselor to the president, and offered that job after Casey resigned, Fitzwater said.

The spokesman said everyone had been "a little uncertain of what his medical status was" but that the president wanted to continue to get Casey's advice.

As for whether Casey would ever be able to take over the new duties of counselor, Fitzwater said, "The doctors indicate they expect a full recovery. I don't know exactly what that means, nor do I know what the timing is." Cynthia Bowers, Georgetown University Hospital spokeswoman, said Monday that Casey "continues to improve steadily. He is alert, has visited some fellow patients and went to Mass at the hospital chapel yesterday. He will continue to receive radiation treatments and physical therapy for some weeks at the hospital as an inpatient."